BSM

business systems modernization

delivering 21st century logistics

Business System Modernization
An Overview

DLA Mission

Supply Chain Management: $15.2B Sales (FY 01)
- **Medical***
- **Apparel***
- **Construction***
- Fuel
- Energy
- **Food***
- **Weapons Systems Spares (Consumables)***

***BSM**

- Sales must cover cost (working capital fund)
- 90% of military needs satisfied by DLA
- 100% of military service needs for energy, food, medical, and apparel

Customers
- **Deployable Units**
- **Fixed Bases**
- **Industrial Activities**

Services: $2.6B Sales (FY
- **Logistics Information**
- **Distribution**
- **Reutilization and Dispos**
- **National Stockpile**

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BSM Will Enable DLA To ...

- Replace legacy systems with commercial-off-the-shelf (COTS) software
- Reengineer by fielding best practices
- Improve customer service by collaborating with customers
- Provide best value solutions
- Provide the training, experience, and opportunity to succeed

"Agile Sustainment"...

"The adoption, within the DoD, of the best practices of the commercial market place, resulting in continuously improving logistics operations, cost savings/avoidance, and process cycle reductions."
--JV 2020 (Concept of Focused Logistics)

DLA's Modernization Vision
Our mission-critical legacy systems are replaced with a new enterprise architecture based on COTS software and best commercial

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Making it Happen ...
BSM ACAT 1A
Program Management

KPMG

A Options analysis

B Scripted demonstration of COTS

C Mission need and requirements validated/approved by JROC

D Creation of "blueprint"

accenture

E Design, Build, Test

F Satisfied all Milestone C requirements

**A** **B** **C** **D** **F**

1998 1999 2000 2001 2002

E

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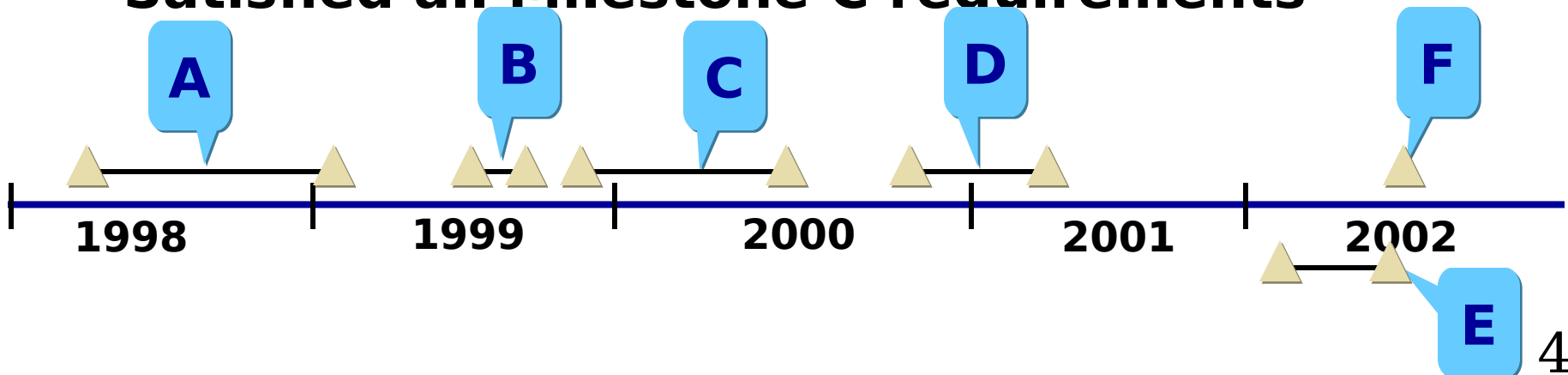
BSM Reengineering Tenets

- **Use commercial and best business practices**
- **Ensure common processes and data**
- **Be driven by supply chain, not internal organization**
- **Establish one authoritative record for data**
- **Embed financial integrity**
- **Replace legacy systems and extensions**
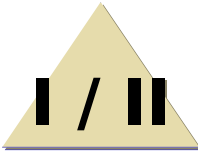- **Incorporate pertinent initiatives**
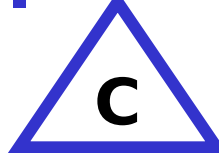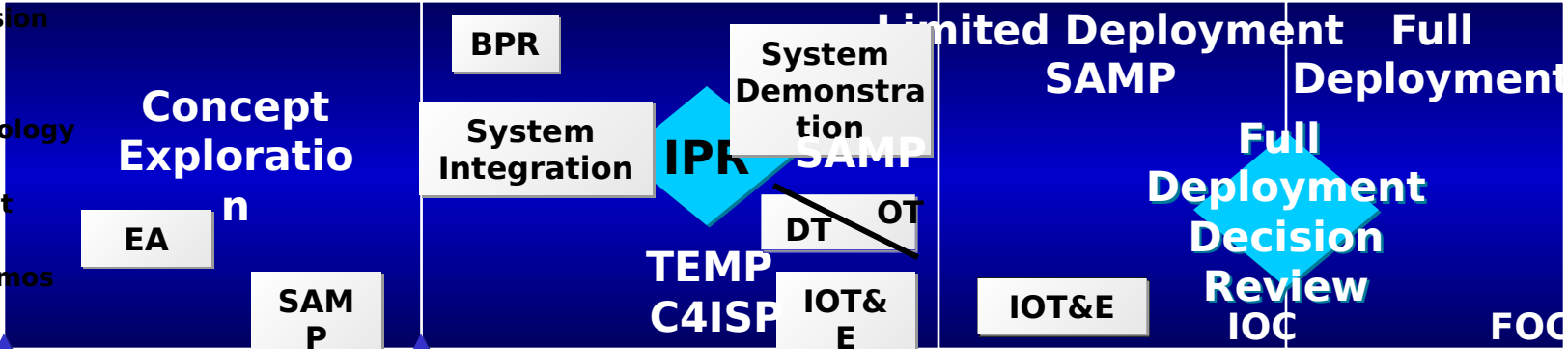
High Level Program Timeline

Jul 00

Jul 02

0

I / II

C

2005
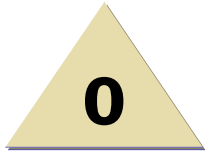
- Determine Mission Need (User Requirements)
- Evaluate Technology Opportunities
  - COTS Market Research
  - Scripted Demos
- Conduct AoA

Concept Exploration

EA

SAMP

BPR

System Integration

IPR

System Demonstration

SAMP

DT / OT

TEMP C4ISP

IOT&E

Limited Deployment SAMP

Full Deployment

IOT&E

Full Deployment Decision Review

IOC

FOC

Pre-Acquisition

Sys Dev & Demo

Deployment & Sustainment

Validated ORD

Validated ORD

Validated ORD

User Needs

Release 2

Release 3

Release 4

	System Functionality (Design)	DLA Users and NSNs (Fielding)
Release/Increment 1	80%	Insignificant <5%
Release/Increment 2	Remaining 20%	33%
Release/Increment 3	Insignificant <5%	33%
Release/Increment 4	Insignificant <2%	33%

How We Do It....
Integrated Product Teams

Modernization Executive Board

Program Management

J-3/J-8

PMO

Solution Integration

Solution Delivery	RICE	Technology Management

Knowledge Transfer And Training

Change Management

Site Transition Teams

Supply Chain Integration

Order Fulfillment

Planning

Procurement

Financial Management
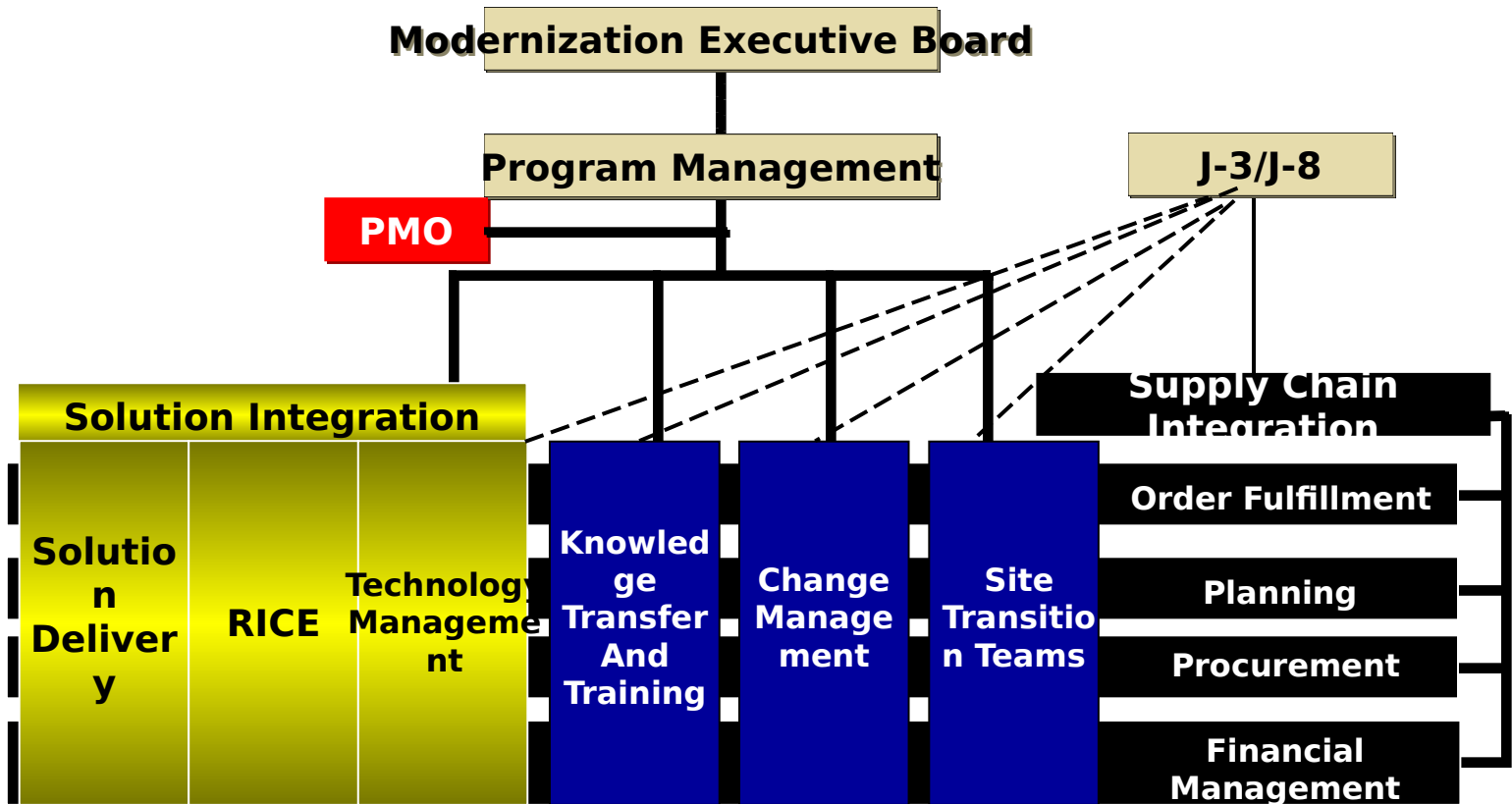
Furthering the Blueprint to Deliver Required So...

Blueprint (Concept Demo and Full Operational Capability)
The Requirement

Scenarios and Scripts – Solutions Delivery

Issue Resolution – Solutions Delivery and
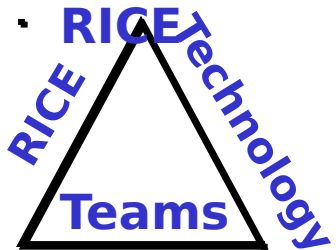
Transition

TEAM

· **RICE**

RICE Technology Teams

Solutions Delivery

Gap Definition – Solution Delivery and

Gap Resolution – All Three

Process Reengineering
Extensions
Conversions

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Planning

- Demand by customer
- Collaboration
- Time-phased inventory
- Demand Based Budget

Order Fulfillment

- Time Definite Delivery
- Available to Promise
- Online account visibility
- More Price Visibility

Procurement

- Supplier performance and management
- Capable to promise
- Web-based procurement
- Pay on receipt

Financial

- FFMIA Compliance
- Financials integrated with business transactions
- Moving Average Cost Inventory Valuation Methodology

Improve customer service by collaborating With Customers and Suppliers

Provide Best Value Solution

Supplier → **DLA** → **Customer**

FFMIA Certification Process

- **Partnered with DFAS from the beginning**
- **Review "Blue Book" for compliance requirements**
- **Ensured BSM was tested for all applicable requirements**
- **Engaged an Independent Assessor ... KMPG**
- **Validated compliance to 367 requirements**
- **DLA Director confirmation**

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BSM Technical Blueprint
The Core of DLA's Systems Architecture

BSM Program Primary COTS Components

SAP
- **Order Fulfillment**
- **Procurement**
- **Financial Management**

PD² / AcquiLine
- **Solicit**
- **Award**
- **Report**

manugistics
- **Demand Planning**
- **Supply Planning**
- **Collaboration**

SeeBeyond eGate

Integrated Data Environment

Vendors

Supply Chain Partners

Services/Combatant Commanders

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Linking with Customer Relationship Management (CRM)

Military Service → **NAM**

By military service – four major customer accounts – National Account Manager (NAM)

Service Level Agreement

Major Claimant or Command → **CAM**

By major claimant or command – Customer Account Manager (CAM)

STRATEGIC

OPERATIONAL

ICT

Lead Center Commander / Deputy

1 Collaboration With Customers

3 Collaboration With Suppliers

Customer A

Customer B → **CSR**

Customer C

(Demand Plan)

Customer Service — Demand Planning

Customer Service — Demand Planning

Customer Service — Demand Planning

Customer Service — Demand Planning

MANUGISTICS

(Supply Plan)

Supply Planning — Supplier Mgt

Supply Planning — Supplier Mgt

Supply Planning — Supplier Mgt

SUPPLIERS

Customer Support Representatives (CSR)
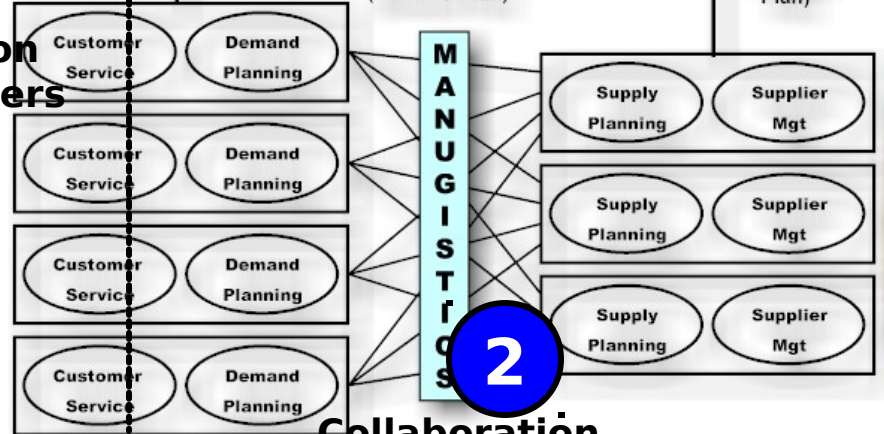
2 Collaboration Between Supply & Demand

1011B

Business Systems Modernization ...Transformation "Engine"
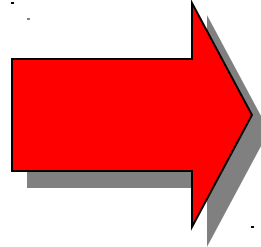
"As Is"

Item-focused

- "Build" Software, based on Functional Requirements
- Manager of "Supplies"
- Mobilize "via Inventory"
- "Ad Hoc" Procurements
- Stovepiped Systems

"To Be"

Customer-Focused

- "Buy/Integrate" COTS, based on Re-engineered Bus. Practices
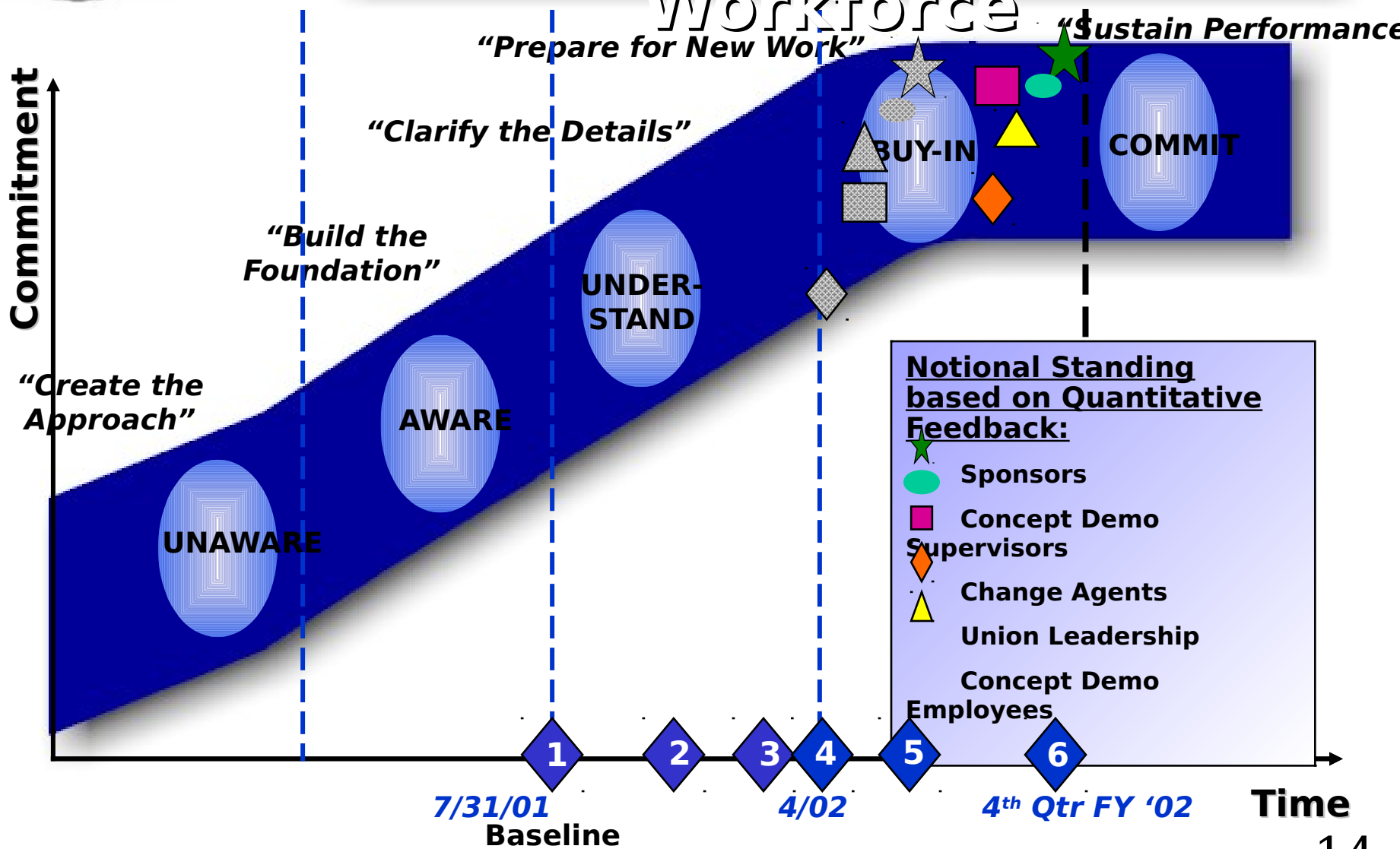- Manager of "Suppliers
- Mobilize "via Industry"
- Long-Term Supplier

DLA's Transformation

Much more than an IT project...We are changing the nature of DLA customer support through new combinations of concepts, capabilities, technology, and

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Meeting the Challenge of Change... Preparing the Workforce

Commitment (y-axis)

Time (x-axis)

"Prepare for New Work"

"Clarify the Details"

"Sustain Performance"

"Build the Foundation"

"Create the Approach"

UNAWARE

AWARE

UNDER-STAND

BUY-IN

COMMIT

Notional Standing based on Quantitative Feedback:

- ★ Sponsors
- ⬟ Concept Demo Supervisors
- ◆ Change Agents
- ▲ Union Leadership
- ▣ Concept Demo Employees

Timeline markers: 1 2 3 4 5 6

7/31/01
Baseline

4/02

4th Qtr FY '02

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Where We Are

Multiple Releases

FOC 2005

Implement Release 2 — 2003

Design , Build, Test Release 2 — 2003

Implement Release 1 — 2002

We are here

Release 2 Planning — 2002

Release 1 Testing and Training — 2001-02

Design/Build — Summer/Winter 2001

FOC Requirements/Blueprint — Spring 2001

IOC Requirements/Blueprint — January 2001

On Schedule Within Budget

Release One

- **Deliver a fully operational, tested system and trained workforce**
- **Fully support existing customer commitments**
- **Deliver 80% of the Functional Requirement in the ORD ... for about 5% of the line items**
- **Risk mitigation plans in place**

Concept Demonstration

- Maritime Carrier and Sub Surface teams
  - LM-2500
- Terminal Lugs and Insulation Sleeving
- Battle Dress Uniforms
- Fleet Prime Vendor
- Garrison Feeding (Prime Vendor Southeast Region, Food Service Equipment)
- Helicopter systems (UH-1, H-3, H-46, and H-53)

#	NSNs	Customer Orders	Sales	Users	Customers	Suppliers
TOTAL	170K	2.5M	$500M	380	17K	2.5K

ad enough to demonstrate ... small enough to manag

Go Live Risks

Risk	Mitigation Strategies
Customer Expectations	—**BSM Stakeholders Group** —**Commitment to standard interfaces** —**Customer Outreach**
Workforce Expectations	– **Robust Change Management Program** – **Corporate Message Policy** – **Periodic Assessments**
Workforce Adequacy	– **Prototype training** – **Complete training requirement… Retraining** – **Practice Labs** – **Online Help** – **Corporate Issue Resolution…Y2K** –**"Big Buddy" On-Site Help**
Catastrophic Failure	– **Limited (small) number of items** – **Ability to recover Legacy within hours** – **Robust complete test program**
Incomplete Functionality	– **Thorough review of "Blueprint"** – **Corporate issue resolution process** – **Sustainment organization in place**
Enterprise Architecture	– **Senior architect appointed**

Go Live Timeline

6/1	7/1	8/1	9/1	11/1

DT&E

Training

Training Practice Labs

PST

Operations Test

SW Mgr

Cleanse

Pre-cutover task

Cutover

Static Conversion

Dynamic Co

Organization/User Readiness

Pre-System Business Activities

Turn on BSM System

Steady State

Oct 16

Stabiliza

OSD OIPT

CIO Review
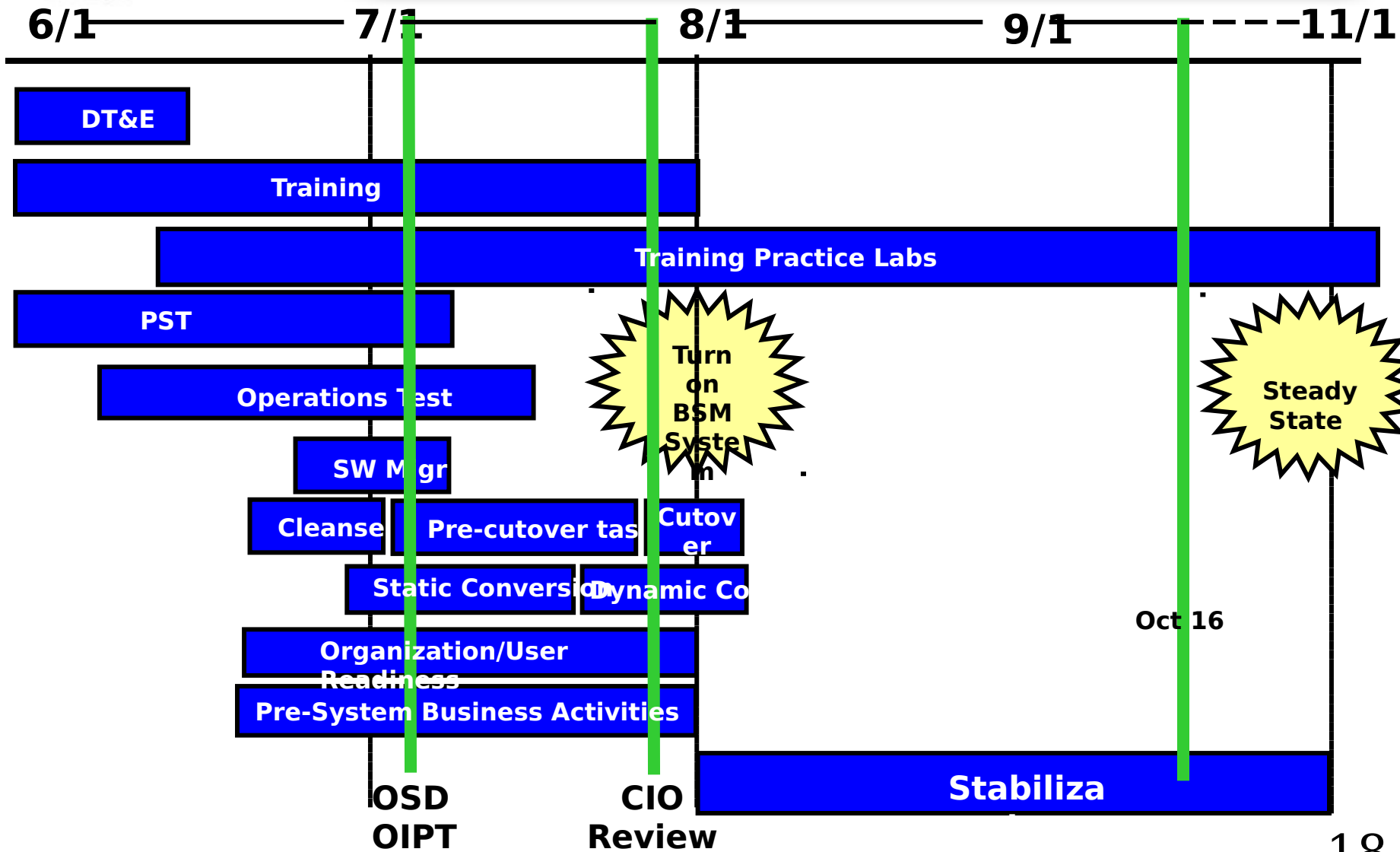
Stabilization Timeline

Week

Go Live	1	2	3	4	5	6	7	8	9	10	11	12

Data Clean Up
- All converted data reconciled
- All critical reports available – format and data content

System Stabilization
All applications and interfaces running I.A.W planned schedules

User Stabilization
- Users are able to log on and navigate
- User role profiles are validated
- Users exhibit reasonable "comfort" with system

Process Stabilization
Critical Performance Metrics in line with expectations

Release 1 Bottom Line...

A single instance of a COTS-based, integrated, end-to-end materiel management, financial and procurement system is successfully processing transactions for weapon system repair parts, subsistence prime vendor, medical prime vendor, and construction material

- **Conversion**
  - **Increased review of mock conversions by test team**
  - **Increase control of NIIN/LCN listings**
- **Test**
  - **Increased functional review of test cases**
  - **Increased IV&V**
- **Organization**
  - **Increased line accountability to process leads**
  - **Greater attention to requirements management**
- **Schedule**
  - **Stricter adherence to phase completion dates**
  - **Timely response to deliverable submission**

s learned will be documented and incorporated into Release 2 P

Keys to Success

- **Modernization Executive establishes *Tenets***

- **Corporate Champion enfo *Enterprise Approach***

- **Program Executive Office Program Manager manag as a *Major Acquisition Pro***

- ***Managing Change* as a dis**

- **Full engagement of *Stake***

Modernization Tenets

- **We will change, not the COTS**

- **We will rely on commercial software and commercial business practices**

- **We will operate as a single Enterprise**

- **We will prepare our workforce to succeed in the new environment**

Summary...Bottom Line

**Business Systems Modernization is a great deal
more than an IT project**

...the catalyst to transform DLA by:

- **Reengineering by fielding best practices**

- **Providing the capability to manage the supply chain ... factory to foxhole**

- **Improving service by focusing on customer and supplier relationships**

- **Providing the training, experience, and opportunity to succeed in this new environment**

- **Replacing legacy materiel management**

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